NEW INITIATIVES FOR COMMUNITY BUILDING IN PECC: WHAT PECC CAN LEARN FROM APEC [*]

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1. Introduction

The meeting of the Standing Committee of the Pacific Economic Cooperation Council (PECC) in Kyoto, Japan in April 2001 had approved the reorganisation of PECC that not only would change the ways in which PECC works, but also would change the nature and role of PECC in its economic cooperation in the Pacific region. The main work programs of PECC would now be classified under three work areas or forums namely the Trade Forum, Finance Forum, and Community Building Forum. This change came as a result of a recommendation of an ad hoc Vision Group whose members were appointed by the PECC Standing Committee a year earlier to study the possibility of restructuring of PECC that would bring about the 'rejuvenation' of PECC. The suggested model of PECC restructuring was finally proposed in the Vision Group's Report, 'Implementing the PECC Vision' that came out at the end of July 2001.

While the new Trade and Finance Forums more or less correspond to the established activities in the old Trade Policy Forum (TPF) and the Financial Markets and Development (FDM) Project Group, it is unclear whether all other activities not belonging to, or not classified under, the two established trade and finance areas would fall under the new Community Building Forum. Some previous activities that clearly exhibit cross-cutting nature such as the Pacific Economic Outlook (PEO)- Forecast Project Group, or the Pacific Food System in the Food and Agricultural Forum may be difficult to be classified under any particular forum, but from the knowledge of their origins, we could conveniently put them in the Trade Forum box. It is those non-trade, non-finance, activities that are having difficulties being put in any particular box. Hence the convenience of the Community Building Forum box.

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[****] Professor of Economics, Faculty of Economics, Thammasat University, Bangkok, Thailand; and Coordinator, Community Building Forum of the PECC. There is an important caveat for this paper. It is written as an experimental paper on occasion of assuming the coordinatorship of this new Community Building Forum in PECC rather than a definitive piece on the subject. I hope to be able to improve on it once I have a chance to present it and receive feedback from interested readers.

But it would be a mistake to look at the Community Building Forum as the 'wastebasket' of all other, non-trade, non-finance, activities. Indeed, members of the PECC Coordinating Group in their meeting in Hong Kong in November 2001, refused to accept that characterisation of this new Forum. What, then, should be the characteristics of PECC activities that can be classified under this new Forum? Would these activities under this new Forum be less important than those under trade and finance forums? How could activities under this new Community Building Forum turn into somethings that actually redefine the future role and function of PECC? Considering the fact that there exists a great deal of similarities between the ECOTECH agenda and prospective activities under this new Community Building Forum in PECC, what lessons can be learned from the ECOTECH experience in APEC for use in PECC? These are some of the questions that we will discuss and address in this short paper.

2. The Whats and Whys of Community Building

The Pacific Economic Cooperation Council or PECC came into being in Canberra in September 1980 at the suggestion of then Japanese Prime Minister Ohira Masayoshi and then Australian Prime Minister Malcolm Fraser. Their goal was to identify and coordinate the components of Pacific economic cooperation, and to establish pathways to enhance regional cooperation.[1] Nine years later, in the same city, Canberra, Australia, another regional economic cooperation grouping, the Asia Pacific Economic Cooperation or APEC was established with very much the same purpose. Indeed, it is often claimed that PECC had fathered APEC. From then on these two organisations or forums exist side by side, working together on various policy issues, especially on trade, finance and corporate governance.

But why is there a need to streamline the functions or activities of PECC into three forums as stated above? And what are to be expected out of work plans or work programs of these three forums? While it is reasonable to think that the PECC Vision Group could have been influenced by the resurgence of the interest in the role of ECOTECH in APEC in the last few years, the decision to recommend the 3-forum restructuring of PECC was probably influenced by the wish of this Vision Group to see a more focused direction of the PECC in the future, that PECC reorganises itself to be more relevant and useful to APEC rather than to follow the trend or pattern of APEC. [2] However, the result or outcome could be the same, that is to say, the work of the Community Building

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[1] The Pacific Economic Cooperation Council Charter, Appendix 1.

[2] At least this is the view of Dr. Hadi Soesastro, a member of the Vision Group, in a personal interview.

Forum in PECC could make PECC stronger, as the new ECOTECH role is making APEC stronger.

In that case, what are, or should be, the scope and functions of the new Community Building Forum in PECC then? At present, the work on trade policy in PECC remains one of the strongest, if not the strongest, activities in PECC. So, the continuation of these trade and investment-related research interests in the new Trade Forum is justified. The financial management issues have become very important in the aftermath of the East Asian financial crisis. Therefore, it is also very important that issues concerning financial policy and international financial architecture become the core activities of the new Finance Forum. Currently in PECC, there are also other activities that can be described as cross-cutting. These include the Forecast Project Group and the Structure Project Group of the Pacific Economic Outlook (PEO). These two groups could be classified under Trade and Finance Forums, respectively. That could leave the remainder of other PECC activities under the Community Building Forum. This is not necessarily or entirely inappropriate, but we should be more clear how to define community building.

In a typical case of human settlement, a community would consist of a number of households agreeing to live together under some common rules that stipulate their rights and duties among themselves. But a community may want to do more than just allowing member households to live peacefully with one another: community leader or leaders may want member households to do things together for the joint benefits of households on that community. The act of 'doing things together' requires that members possess similar qualities or capabilities that make the joint community effort possible. Imagine a case whereby a village community would like to set up security guards around the perimeter of that village, and every household member will have to contribute either their own labour to work as security guard or their money to hire an outside security guard. A family whose members are so ill, or so poor, would not be able to participate in this community building effort. To be successful, community building requires or presupposes capacity building. In other words, a successful community building requires members who are able and ready to take part in joint community effort. The purpose or objective of community building requires enabling or empowering measures to members of that community.

Under the above understanding, it is obvious that to forge community building in a setting like PECC or APEC, members of PECC or APEC must possess the same or similar levels of economic development that will enable them to trade and invest freely with one another. This is not to say that all members must attain exactly

the same level of economic development and status, but they must all be able to put in place basic conditions that will enable trade among members to take place and go forward. And these basic conditions may include, for example, the belief in the same economic principles that govern economic behaviour and pattern of economic activities of the people in the same community, the willingness to go through adjustments and reforms that will bring members closer together in terms of economic preparation, and the willingness and goodwill to help one another for common prosperity in the future. To achieve these basic conditions does take time, and that is why APEC allows some of its less developed members until the year 2020, or more than 25 years from the time APEC members had reached their agreement in Bogor, Indonesia in 1994, to be able to trade and invest freely with one another. It is this aspect of preparation for community building that we have in mind.

3. Community Building in PECC vs. ECOTECH in APEC

Up until the decision by the PECC Standing Committee to accept the Vision Group's recommendation to reorganise PECC's structure of activities, PECC had had differing records and experience of supporting various cooperative activities. As mentioned earlier, trade and finance had a consistent record of being at the forefronts of PECC interests in the past decade or so. Interests in other economic cooperation issues within PECC could go up and down depending on initiatives and efforts of specific coordinators or national committees. For examples, until 2000 the Human Resource Development Task Force under the leadership of its International Coordinator, Dr Paul T. Mu of Chinese Taipei, was very active in promoting human resource development activities within PECC. With his departure from his coordinating task in this Task Force this year, there were some concerns that this Task Force would not be as active as before. The same concerns may be expressed about the changes in many other task forces and projects in PECC. However, on this community building issues in PECC, we have not reached the final conclusion yet; the future direction, shape and form, of this new forum are still being decided. It is possible that after much debate and deliberation, not much change has happened to the existing PECC activities. Perhaps we could learn from APEC how its ECOTECH activities have become very important in the past few years, and have succeeded in changing the nature and focus of APEC.

The stories about the creation of ECOTECH in APEC and its early development within the APEC process can be found in various sources. [3] Suffice it to say that ECOTECH has gone through several periods of painful adjustments and reorganisations before it

[3] See, for example, Elek and Soesastro (1999), Elek (2000), Medhi (2000).

is now recognised as the equally important element of APEC alongside the TILF objectives. Indeed, the current description of ECOTECH in APEC is that of the second wheel of the APEC bicycle, the one that drives this bicycle forward. [4] What was at issue here is the basic role of ECOTECH in APEC: Should ECOTECH exists primarily to serve the TILF objectives, or to pursue its own objectives? There is no denial that APEC is basically for trade and investment liberalisation, and what makes this regional cooperation unique are its unique adherence to the 'open regionalism' principle of free trade based on voluntarism, unilateralism, and non-reciprocity. [5] For that reason, some APEC officials were afraid that supporting ECOTECH could dilute the attention given to TILF. But holders of such view must be shortsighted because free trade cannot profitably happen to both sides of trading partners until both sides have become more equal in their economic development. And ECOTECH is one way to help free trade happen more quickly by enabling and empowering the less developed trading nations to be able and ready. But ECOTECH can also do more. In the Terms of Reference for the SOM Sub-committee for Economic and Technical Cooperation or ESC, the APEC ECOTECH goals are defined as follows:

- To attain sustainable growth and equitable development in the Asia Pacific region;
- To reduce economic disparities among APEC economies;
- To improve the economic and social well-being of the people; and
- To deepen the spirit of community in the Asia Pacific

From the above, it can be seen that ECOTECH has a life of its own too, and does not exist simply to serve TILF only. In fact, some are of opinion that, because APEC is a voluntary organisation and collective agreement is reached only on consensus, no one can force any member to open up (for free trade and investment) against its will. That has given ECOTECH a share of the center of attention. How this is so? At times, there have been some concerns that some APEC members do not reduce their tariffs fast enough, or do it in a linear fashion, that is to say, constantly reducing tariff until it reaches zero in the year 2010 or 2020 as the case may be. These concerns are overstated as it is possible that APEC members will reduce their necessary tariffs to the required levels nearer to their deadlines. It is possible that between now and the year 2020, major activities in APEC could be ECOTECH activities whereby members will be busy increasing their own capabilities and getting ready for free (or freer) trade.

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[4] See Medhi (2001).

[5] For details of this APEC Principles, see Medhi (1997).

What has ECOTECH accomplished in the past two years that we can use to an example for PECC to follow? These are some of the 'accomplishments' of ECOTECH that have given rise to its respected status today.

(1) General Approach of ECOTECH

The Terms of Reference of the ESC says simply that the role of the ESC will be "to assist the SOM in coordinating and managing APEC's ECOTECH agenda, and to identify value-added initiatives for cooperative action". Of course it does not say how these tasks should be done. In the past few years of its life, the ESC and its ECOTECH agenda has been faced with several problems which still need serious attention. These problems include lack of resources for ECOTECH projects, lack of authority of the ESC, lack of technical capability of the personnel of the APEC Secretariat, the problem of ECOTECH activities becoming too diverse, and lack of cooperation and support from within and outside the APEC process. In the year 2000, the ESC proposed to carry out its duties in three specific areas. The first area is the coordination of ECOTECH activities which include the assessment and evaluation of completed ECOTECH projects. It was here that the ESC had proposed the engagement of outside experts to carry out this assessment and evaluation. The second area is the dissemination of the results or outcomes of APEC activities to various groups of the general public. And the third area is the invitation of other organisations or institutions outside the APEC process to join in with the APEC activities. These three-pronged approach could be a good example for the work of PECC.

(2) The Updating of Part II of the Osaka Action Agenda

After completing the review of the work done on Part II of the Osaka Action Agenda in 2000, the APEC Ministers had tasked the ESC to develop further the Joint Activities/Dialogue sections of the OAA guidelines. This task became known as the updating of Part II of the Osaka Action Agenda where Lead Shepherds of all existing and new Working Groups were asked to update their work programs and activities based on the original Common Policy Concepts (CPC) contained in the original OAA Part II. Despite the extensive nature of this task, the ESC was able to cooperate with all APEC working groups to finish the updating on time. One of the reasons for its success was the ESC's ability of ask economies to volunteer to liaise with selected working groups to check the progress their work as well as to provide whatever assistance or information needed for the successful completion of the task. The lesson for PECC is that it has to keep up with the

(3) The Introduction of the ECOTECH Action Plan (EAP)

One indicator that is used to show the seriousness of intention to liberalise trade and investment among APEC members

is the so-called Individual Action Plan (IAP) which each member submits to the Ministers every year. Until 2001, there was no similar effort to show the seriousness of APEC members to voluntary promote or improve their ECOTECH activities. In November 2000, however, APEC Ministers called for a more focused and intensified ECOTECH action agenda, and instructed officials to consider the possibility of establishing individual action plans on ECOTECH. This issue was hotly debated in 2000 in China under initial scepticism of several ESC members. Eventually, however, cooperative spirit among members prevailed, and a compromise was reached for the introduction of this 'ECOTECH Action Plan (EAP)' by members on a particular theme of human resources development on a voluntary basis for an experimental period of two years. By the time of the APEC Ministerial Meeting in Shanghai in October 2001, 16 economies had submitted their EAPs to the Ministers. These EAPs represent past, present and future commitments of members on the issues of human resources development and human capacity building. These plans are certain to provide best practices for other members to replicate and emulate as a means to improve human capacity of the people in the region. This is something PECC could also do.

(4) The Progress of Human Capacity Building Strategy Report

The Ministerial Meeting in Brunei in 2000 also instructed that a Human Capacity Building Coordinating Group (HCBCG) be created to explore the possibility of drafting a strategy report on human capacity building for APEC on an annual basis. This was part of the continuation of the initiatives conceived by Brunei to increase human capacity and promote human resources development in the APEC region. The ESC was asked to be responsible for this coordination duty. Due to a very complex nature of the assignment, the ESC was unable to finish this draft report by the time the APEC Ministers met in Shanghai in October 2001. But much progress has been made, and it is expected that the final report could be submitted to the SOM and Ministers by the end of 2002.

4. What Need to Be Done vs. What Could Be Done?

From the above, it may be seen that the ESC has achieved a great deal on its ECOTECH activities within the last couple of years. These achievements in ECOTECH have gone a long way to enhance the status of ECOTECH in APEC. For Community Building Forum to do the same could go a long way to enhance its status and position in PECC too. Both in terms of substance and format, the Community Building Forum could adopt the APEC principles and the achievements of ECOTECH in APEC to deal with its future direction as follows:

(a) Whatever project or program undertaken by any task force, committee, or group, the efficiency criterion must always apply. This is to say that the decision to support any project or program must be based on the efficient outcome of that project or program. If necessary, outside experts may be sought to evaluate the efficiency of the outcome of the project to make certain that the limited PECC fund is put to good use. This efficiency criterion is applicable to activities in the Community Building Forum as well as other Forums. However, while outside experts may be needed to assess or evaluate PECC work, experts from PECC could help assess or evaluate work of other organisations such as APEC.

(b) Partly to advertise the work of PECC to gain continued support from the government, the private sector, the academic circle, and the civil society, and partly to always keep in mind the efficiency of the outcome, communications with these stakeholders must be constantly maintained. Public outreach program or activities must be a main part of the project.

(c) As long as the above two conditions are kept, they act as a regulating mechanism to guarantee that only good project get approved. Therefore, there is no need to impose restricting rules against initiatives that may arise from Task Forces, national committees, or other groups in the PECC framework. This freedom to initiate activities or projects in PECC should work to enhance the benefits of diversities in the PECC system. But in the meantime, more focused joint activities should also be considered to help fulfill the objectives of PECC quickly.

(d) The two, more focused, joint activities that most PECC members appeared to agree to support are human resources development and tourism. On human resources development or human capacity building, three goals or objectives could be conceived: to increase technical assistance in terms of training, workshop, expert visits, and publication; to create and promote best practices on various activities; and to facilitate or provide financial assistance either in grants or loans or both. As for tourism, eco-tourism has been singled out as the most appropriate candidate.

(e) In order to avoid duplication with the same activities in other regional groupings or cooperation, the Community Building Forum should encourage all forums and task forces in PECC to work with other similar groupings if possible. One good case in point: APEC, PECC and ABAC all have working groups, task forces, or ad hoc groups on human resources development or human capacity building. They should try to organise their

meeting so that all three could join in one meeting, or at least, three overlapping meetings so that meeting costs will be saved, and the outcomes more efficient and productive.

(f) The internal working mechanisms of PECC should reflect efficiency in the outcome of the work of each forum. Most members of the Community Building Forum have agreed that the International Advisory Group (IAG) attached to the Forum should act as the mentor of the Coordinator of the Forum, helping him set the direction for future activities of the Forum, assess and approve (or reject) projects, help get funding from various sources, act on behalf of the Forum for further improvement of its work and status, and so on. Once this can be done, other IAGs could follow suit.

(g) The reorganisation of PECC has given greater responsibility of work to the three coordinators of the three forums, while freeing the Coordinating Group Chair to do more strategic planning and broad coordinating work. Currently, the Coordinating Group Chair seems to act as a coordinator of a 'cross-cutting' forum. This could be interpreted as running counter to the PECC Charter which does not encourage the Coordinator Group Chair to do so. It is probably more appropriate to reallocate existing task forces or activities to either Trade, Finance, or Community Building Forum where the nature of the work or activities closely follow the expertise of that forum. The CG Chair can always help to mediate any conflicts that may arise from the consideration within each forum. The existing and proposed reallocation of task forces and activities by the new three forums is shown in Table 1.

(h) The PECC International Secretariat should be strengthened. At least one professional researcher who can work on the same level as members of the IAG should be employed to provide leadership in certain phrase of PECC work. There should also be closer working relationship between personnel of the APEC Secretariat and PECC International Secretariat.

5. Summary and Concluding Remark

In this paper, I have attempted to argue that the recent decision by the PECC Standing Committee to reorganise the work programs of PECC into three groups or Forums is in good keeping with the change in economic environment in this age of globalisation. As APEC which is a much larger and more influential regional cooperation has gone through some adjustments, especially in the structure and modality of its ECOTECH agenda, to make it more effective as a regional cooperation grouping in support of free trade and investment in the Asia Pacific region, we could use

lessons learned from the APEC experience to guide the change in PECC. I have mentioned the examples of better coordination, better dissemination, and better participation in ECOTECH activities as a guideline for doing the same in the Community Building Forum in PECC. In following the above adjustments, we could continue to support individual initiatives from whatever Task Force, Committee, or group that might come up with community building activities. This is in order to maintain and promote the diversity of interest in PECC. But at the same time, the Community Building Forum should select some joint activities that should work towards increasing the capacity of PECC members to grow and trade better with one another, leading to a better community in the Pacific region. It appears that members of the Community Building Forum were interested in two particular activities, human resources development and tourism. These two activities are also those that have been pursued in APEC and its supporting organisation like ABAC. PECC could revitalise or reinvigorate the two Task Forces to do this work, namely the Human Resources Development Task Force and the Tourism Task Force. It is hope that by concentrating on this two-pronged approach, PECC will become stronger and more relevant.

As a concluding remark, I would like to make one reference to the role of PECC as one of the three official observers in APEC meetings, both at the SOM and MM. The observer status that APEC gives to PECC should not be interpreted so strictly, that the PECC observer cannot make interventions or gives some opinions. Since the decision within APEC is done on consensus (there is no voting), the role of PECC could be important as influence giver. Therefore, I would suggest that PECC observer play more active role in the SOM or MM discussions. Take the SOM meeting, for instance. Instead of having to sit quietly throughout normally two-day meeting with only a chance to say something at the very end when the meeting is just about to break up, PECC should ask for the permission from SOM Chair to allow PECC observer to speak whenever it is appropriate to do so. This will go to show that PECC is interested in the APEC SOM discussion and not merely an uninterested observer.

More importantly, PECC should not be understood to be an uninterested partner of APEC in a larger context, that is outside the meeting room. While there are movements within the APEC process itself, particularly in the ESC, to push for greater contacts of official APEC process with outside organisations, of which PECC is one, PECC should not wait to be approached by the APEC mechanisms but should actively seek those contacts whenever possible. All Forums and Task Forces should be told to do this, and perhaps the Community Building Forum should take this as a special function to create opportunities for greater contact with

APEC. By fulfilling the reforms and restructuring, and seeking the new initiatives above, it is possible that PECC will become more important, not just to APEC, but also as a more progressive regional economic cooperation or regional grouping in its own right.

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Table 1: Reallocation of Existing Task Forces, Activities to the 3 New Forums

	Existing Taskforces, Forums, Activities	Current Arrangement	Possible New Affiliation
1	Trade Policy Forum	Trade Forum	Trade Forum
2	Pacific Economic Outlook (PEO)-Forecast Project Group	CG Chair (Cross-cutting issue)	Trade Forum
3	Pacific Economic Outlook (PEO)-Structural Project Group	CG Chair (Cross-cutting issue)	Finance Forum
4	Financial Markets and Development (FMD) Project Group	Finance	Finance Forum
5	Peer Assistance and Review	Finance	Finance Forum
6	Sustainable Cities Task Force		Community Building Forum
7	Pacific Island Nations Task Force		Community Building Forum
8	Science and Technology Task Force		Community Building Forum
9	Tourism Task Force		Community Building Forum
10	Transportation Task Force		Community Building Forum
11	Human Resource Development (HRD) Task Force		Community Building Forum
12	Fisheries Task Force		Trade
13	Energy Forum		Trade
14	Food and Agriculture Forum		Trade

15	Minerals Forum		Community Building Forum
16	Small and Medium Enterprise (SME) Network		Community Building Forum